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Current Support Brief

USSR ALTERS ITS SHIP CHARTERING
AND FREIGHT FORWARDING ORGANIZATIONS



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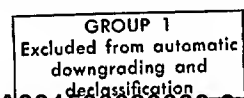
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USSR ALTERS ITS SHIP CHARTERING
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The USSR has recently taken organizational steps to improve the use of its merchant fleet and seaports and to expedite the handling of freight moving in foreign trade. One of these steps was the transfer of Sovfrakht, the major ship chartering and freight forwarding organization in the USSR, from the Ministry of Foreign Trade to the Ministry of the Maritime Fleet. As a result of this transfer (which occurred in September 1962), Sovfrakht has retained its ship chartering responsibilities but has become a part of the chief directorate of the Ministry of the Maritime Fleet responsible for traffic management and fleet operation. 1/ The freight forwarding responsibilities of Sovfrakht have been assigned to Soyuzvneshttrans, a newly created organization under the Ministry of Foreign Trade. This organization will handle the forwarding of all foreign trade and transit cargoes crossing the borders of the USSR. 2/ Its acting head is Mubarak Ismayev, the former chief of the Sovfrakht department responsible for freight forwarding. 3/

The reorganization represents a partial reversion to the situation that existed from 1951 to 1955, when the ship chartering and freight forwarding functions were similarly allocated between Sovfrakht and an earlier Soyuzvneshttrans. At that time, however, both organizations were attached to the Ministry of Foreign Trade. 4/

One important motive for the transfer of the ship chartering functions of Sovfrakht to the Ministry of the Maritime Fleet appears to be a desire to centralize control over all shipping involved in the carrying of Soviet seaborne trade. Officials of the Ministry of the Maritime Fleet have been complaining for a long time that Sovfrakht was chartering foreign vessels to carry cargoes that Soviet vessels could just as easily have carried. Khrushchev himself took note of the lack of coordination between the Ministry of the Maritime Fleet and Sovfrakht in a speech before a group of railroad workers in May 1962 in which he pointed out that Soviet dry

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cargo vessels were returning from Cuba in ballast at the same time that foreign vessels were being chartered by Sovfrakht to carry Cuban sugar to the USSR. 5/ The centralization of control over Soviet and Soviet-chartered shipping involved in the carrying of Soviet foreign trade also will remove an important cause of the port congestion that has disrupted the operation of Soviet seaports in recent years and has led to expensive demurrage by Soviet and foreign vessels. Such centralization will enable the USSR to space the arrivals of Soviet and Soviet-chartered vessels and thereby avoid chronic congestion that formerly arose from a lack of coordination between the individuals in Sovfrakht planning the movements of chartered ships and those in the Ministry of the Maritime Fleet planning the movements of Soviet ships.

It appears likely that the transfer of Sovfrakht and the creation of Soyuzvneshtans occurred as a result of recommendations by the special commission established at the time of Khrushchev's speech to improve coordination between the various modes of transportation in the USSR. 6/

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Analyst:

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